

AMENDED IN ASSEMBLY FEBRUARY 28, 2001

CALIFORNIA LEGISLATURE—2001–02 FIRST EXTRAORDINARY SESSION

ASSEMBLY BILL

No. 54

Introduced by Assembly Member Wright
(Coauthor: Assembly Member Goldberg)

February 14, 2001

An act to add Section 9601.5 to the Public Utilities Code, relating to electricity, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 54, as amended, Wright. Electricity: governmental entities in Los Angeles County: contracts.

Existing law prohibits a city or municipally owned electric utility from selling electric power to the retail customers of a public utility unless the city or municipally owned electric utility agrees to let the public utility make sales of electric power to its retail customers. Existing law requires that a customer of a public utility that purchases electricity through a direct transaction contract pay certain generation-related transition charges.

This bill would permit specified governmental entities that are served by the Southern California Edison Company within Los Angeles County to purchase electricity for use in those areas from the Los Angeles Department of Water and Power. The bill would require that the electricity be used only for facilities owned or leased by a governmental entity that are used for governmental purposes. The bill would prohibit reselling the electricity. The bill would not require *that* reciprocity of electrical sales be provided to the Southern California

Edison Company. The bill would exempt the sales from specified generation-related transition charges.

This bill would declare that it is to take effect immediately as an urgency statute.

Vote: ²/₃. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. The Legislature finds and declares all of the
2 following:

3 (a) The ability of local agencies to secure stable and affordable
4 power is necessary to ensure that those agencies can provide
5 essential services such as health and public safety.

6 (b) The reality of rolling blackouts and higher electric costs for
7 those areas of local agencies served by investor-owned utilities
8 requires the state to assist local agencies.

9 (c) In some parts of the state there are local agencies in which
10 parts of the geographical area served by the local agency is served
11 by an investor-owned utility and the remaining parts are served by
12 a publicly owned utility that has surplus electrical generating
13 capacity.

14 (d) Allowing those local agencies to buy more of their
15 electricity from the publicly owned utility would reduce demand
16 on the investor-owned utility and help ensure reliable and
17 affordable electric power for the local agency.

18 SEC. 2. Section 9601.5 is added to the Public Utilities Code,
19 to read:

20 9601.5. (a) (1) This section is only applicable to the Los
21 Angeles Department of Water and Power and the governmental
22 entities described in subdivision (h).

23 (2) For purposes of this section, a “contract” means a ~~contract~~
24 *direct transaction as defined in Section 331* entered into pursuant
25 to this section by a governmental entity described in subdivision
26 (h) and the Los Angeles Department of Water and Power.

27 (b) Notwithstanding any other provision of law, a
28 governmental entity may enter into a ~~direct transaction~~ contract for
29 electricity to be delivered for use within the geographical
30 boundaries of the County of Los Angeles in areas served by the
31 Southern California Edison Company. The electricity purchased

may only be used for facilities owned or leased by the governmental entity and used to perform governmental services. The electricity may not be resold by the governmental entity.

(c) This section may not be interpreted to require either a governmental entity or the Los Angeles Department of Water and Power to enter into a contract.

(d) The Southern California Edison Company shall ~~distribute~~ *deliver* the electricity provided by the Los Angeles Department of Water and Power under a contract entered into pursuant to this section. The ~~distribution~~ *delivery* service shall be provided at ~~a rate~~ *the rates, terms, and conditions* approved by the commission ~~that is cost-based. Sections 367, 368, 375, and 9602, and applicable to customers who have entered into a direct transaction. Section 9602 and subdivision subdivisions (a) and (c) of Section 9601 are not applicable to the parties of a contract or to the rate for distribution services entered into pursuant to this section.~~

(e) If there is a legal challenge to a contract by the Southern California Edison Company based on a theory of vested rights under former Section 19 of Article XI of the California Constitution, as it read on January 1, 1911, and a court determines that there is a vested right affected by the contract which requires payment to the Southern California Edison Company by either the governmental entity or the Los Angeles Department of Water and Power for the right to sell power in the service areas covered by the contract, then the party which would have to make such payment may rescind the contract.

(f) A contract may not permit the Southern California Edison Company to have a reciprocal right to sell electricity within the service area of the Los Angeles Department of Water and Power. The fact of a contract does not give the Southern California Edison Company a legal right to sell electricity to the retail customers of the Los Angeles Department of Water and Power. ~~Subdivisions (b) and Subdivision (c) of Section 9601 are~~ *is* not applicable to a contract entered into pursuant to this section.

(g) Upon termination of a contract entered into pursuant to this section, the default provider of power shall be the Southern California Edison Company. *Customers as described in subdivision (h) who return to Southern California Edison Company for procurement service shall be subject to the same terms and conditions as are applicable to other returning direct*

1 *access customers as authorized by the commission pursuant to this*
2 *code or any other applicable provision of law.*

3 (h) This section is only applicable to the following
4 governmental entities:

5 (1) The County of Los Angeles.

6 (2) The Los Angeles Unified School District.

7 (3) The Los Angeles County Metropolitan Transportation
8 Authority.

9 (4) The Los Angeles County Office of Education.

10 (5) The Los Angeles Community College District.

11 SEC. 3. The Legislature finds and declares that, because of the
12 unique circumstances applicable only to the County of Los
13 Angeles, a statute of general applicability cannot be enacted within
14 the meaning of subdivision (b) of Section 16 of Article IV of the
15 California Constitution. Therefore, this special statute is
16 necessary.

17 SEC. 4. This act is an urgency statute necessary for the
18 immediate preservation of the public peace, health, or safety
19 within the meaning of Article IV of the Constitution and shall go
20 into immediate effect. The facts constituting the necessity are:

21 In order to ensure that governmental agencies in Los Angeles
22 County have a stable and affordable supply of electricity to
23 maintain essential services and preserve the public health, safety
24 and welfare, it is necessary that this act take effect immediately.
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